

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7048

BILL NUMBER: SB 332

NOTE PREPARED: Jan 6, 2006

BILL AMENDED:

SUBJECT: Department of correction pension benefits.

FIRST AUTHOR: Sen. Young R Michael

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: Pending

Summary of Legislation: Provides that the correctional officers and hazardous duty employees pension fund (fund) shall be established for department of correction employees who work within a prison or juvenile facility or perform parole or emergency response operations and functions, if the commissioner of the department of correction makes a finding that the fund should be established and that there is sufficient funding for the fund. Provides that the public employees' retirement fund (PERF) board administers the fund. Provides that if an individual who is a member of PERF becomes a member of the fund, the PERF board shall transfer to the fund all money and years of creditable service standing to the credit of the member in PERF. Provides that a member of the fund is entitled to a full pension benefit if the member: (1) is at least 55 years of age and completes at least 25 years of creditable service in the fund; or (2) is at least 65 years of age and completes at least ten years of creditable service in the fund. Provides that a member of the fund who is at least 45 years of age and completes at least 20 years of creditable service in the fund is eligible for early retirement with a reduced pension. Provides for disability and survivor benefits. Provides that a member's annual benefit equals the product of: (1) the average of the member's five highest annual salary amounts; (2) the member's years of service; and (3) a multiplier of 2% (if the member has at least 20 years of service) or 1.1% (if the member has less than 20 years of service). Provides that a member is entitled to service credit in the fund for any prior service in PERF or the Indiana state teachers' retirement fund (TRF). Provides that prior service within a prison or juvenile facility or while performing parole or emergency response operations and functions may be used with the 2% multiplier in determining a member's retirement benefits. Provides that other prior service may be used with the 1.1% multiplier in determining a member's retirement benefits. Allows a member to purchase prior PERF or TRF service credit at actuarial cost so that the prior service is used with the 2% multiplier, even if it was not for service within a prison or juvenile facility or while performing parole or emergency response operations and functions. Provides that retired members, survivors, and beneficiaries receive the same

cost-of-living adjustment as is provided to PERF members, survivors, and beneficiaries. Establishes a deferred retirement option plan (DROP) for members of the correctional officers and hazardous duty employees pension fund. Provides that a member is eligible to participate in the DROP if the member may retire and receive an unreduced benefit. Provides that a member who wishes to participate in the DROP must make an irrevocable election and choose a retirement date that is not sooner than 12 months and not later than 36 months after the member enters the DROP. Provides that a member in the DROP continues in active service and both the member and the member's employer continue to make contributions to the applicable fund. Provides that a member retiring from the DROP receives a monthly benefit plus an additional amount paid either in a lump sum or in installments. Provides that if a member exits the DROP for any reason other than retirement on the member's chosen retirement date, the member's or the member's survivors' benefits are calculated as if the member never entered the DROP. Specifies that if an employee of the department of correction: (1) works within a prison or juvenile facility or performs parole or emergency response operations and functions; and (2) dies in the line of duty; the employee's survivor is entitled to the \$150,000 death benefit from the special death benefit fund. Provides that each child and surviving spouse of such an employee is eligible to attend any state supported college, university, or technical school without paying tuition or mandatory fees.

Effective Date: July 1, 2006; January 1, 2007.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

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